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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

VIA LDX

~~CONFIDENTIAL~~

October 24, 1979

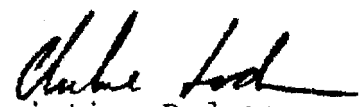
MEMORANDUM FOR:

The Vice President  
The Secretary of State  
The Secretary of the Treasury  
The Secretary of Defense  
The Secretary of Energy  
The Director of Central Intelligence

SUBJECT: Agenda for SCC Planning Meeting (U)

Following is the agenda for the SCC Planning Meeting tomorrow on Interrelationship between the Energy Problem, Future of the Dollar and U.S. National Security which is scheduled for 4:15 p.m.

1. Oil prospects, and resulting problems for U.S.
2. Means of Influencing OPEC price and production decisions
  - (a) Political
  - (b) Economic
  - (c) Defense
3. Means of coping with effects of possible adverse price and production decisions
4. Assignments and deadlines for work
5. Schedule next meeting (C)

  
Christine Dodson  
Staff Secretary

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Review on October 24, 1985

MEMORANDUM FOR:

SCC on  
Energy, The Dollar & Nat'l Security

25 Oct 79

DCI attended

Date

~~SECRET~~

OER Comments on Duncan Presentation (Attached)

CIA agrees with the basic DOE judgement that the oil market outlook is "uncertain and troubling", with an imbalance in the first part of 1980 a strong probability. We also basically agree with the DOE analysis behind these conclusions.

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We believe that most of the "Potential Initiatives in the Face of Deteriorating World Oil Markets" are worth exploring and would be well received by the producers. We agree, however, with apparent DOE reservations about whether three of the suggestions could be implemented to achieve the desired results.

- ° A successful spot market monitoring and hotline system would require rapid and strict compliance. As DOE notes, IEA countries and companies are not likely to cooperate.

- ° Ceilings on spot purchases to reduce price spirals would be difficult, if not impossible, to implement. The Japanese have already struck out once in their attempt to hold to a ceiling. Some OPEC members might view widespread ceilings instituted by consumers as a rationale to limit supplies.

- ° Joint trade retaliation would also require a degree of cooperation and domestic political risk-taking that is certain not to be forthcoming from the IEA countries.